
A BILL FOR AN ACT

RELATING TO HISTORIC PRESERVATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Historic preservation tax credit. (a) There
5 shall be allowed to each qualified taxpayer subject to the tax
6 imposed by this chapter a historic preservation tax credit for
7 qualified expenses incurred in the certified rehabilitation of a
8 certified historic structure resulting in the creation or
9 rehabilitation of affordable housing units. The tax credit
10 shall be deductible from the qualified taxpayer's net income tax
11 liability, if any, imposed by this chapter for the taxable year
12 in which the credit is properly claimed.

13 (b) The historic preservation tax credit shall be:

14 (1) Twenty-five per cent of the qualified expenses; or

15 (2) Thirty per cent of the qualified expenses; provided

16 that:



1 (A) At least twenty per cent of the units are for
2 affordable rental housing; or

3 (B) At least ten per cent of the units are sold for
4 affordable homeownership under affordable housing
5 guidelines.

6 (c) In the case of a partnership, S corporation, estate,
7 or trust, the tax credit allowable is for qualified expenses
8 incurred by the entity for the taxable year. The expenses upon
9 which the tax credit is computed shall be determined at the
10 entity level. Distribution and share of credit shall be
11 determined by rule.

12 (d) If the tax credit under this section exceeds the
13 taxpayer's net income tax liability, the excess of the credit
14 over liability may be used as a credit against the taxpayer's
15 income tax liability in subsequent years until exhausted. All
16 claims for the tax credit under this section, including amended
17 claims, shall be filed on or before the end of the twelfth month
18 following the close of the taxable year for which the credit may
19 be claimed. Failure to comply with the foregoing provision
20 shall constitute a waiver of the right to claim the credit.



1 (e) The total amount of tax credits allowed under this
2 section shall not exceed:

3 (1) \$ _____ for taxable years beginning after December
4 31, 2019;

5 (2) \$ _____ for taxable years beginning after December
6 31, 2020;

7 (3) \$ _____ for taxable years beginning after December
8 31, 2021;

9 (4) \$ _____ for taxable years beginning after December
10 31, 2022; and

11 (5) \$ _____ for taxable years beginning after December
12 31, 2023;

13 provided that any taxpayer who is not eligible to claim the
14 credit in a taxable year due to the cap having been exceeded for
15 that taxable year shall be eligible to claim the credit in the
16 subsequent taxable year.

17 (f) Every qualified taxpayer, before March 31 of each year
18 in which qualified expenses were incurred in the previous
19 taxable year, shall submit a written, certified statement to the
20 state historic preservation division identifying:



1 provided that fees established pursuant to this section shall be
2 deposited into the Hawaii historic preservation special fund,
3 pursuant to section 6E-16.

4 (h) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim
6 a tax credit under this section;

7 (2) May require the taxpayer to furnish reasonable
8 information to ascertain the validity of the claim for
9 the tax credit made under this section; and

10 (3) May adopt rules under chapter 91 necessary to
11 effectuate the purposes of this section.

12 (i) The state historic preservation division shall submit
13 an annual report of its findings and recommendations, including
14 any proposed legislation, to the legislature no later than
15 twenty days prior to the convening of each regular session on
16 the effectiveness of the historic preservation tax credit.

17 (j) For the purposes of this section:

18 "Affordable rental housing" means rental housing that meets
19 the guidelines published by the United States Department of
20 Housing and Urban Development for the year in which the units
21 are put into service.



1 "Affordable homeownership" means housing that meets the
2 guidelines published by the United States Department of Housing
3 and Urban Development for the year in which the units are
4 initially offered for sale.

5 "Certified historic structure" means any structure that is:

6 (1) Listed in the Hawaii register of historic places or
7 national register of historic places;

8 (2) Located in a historic district listed in the Hawaii
9 register of historic places or national register of
10 historic places and certified by the state historic
11 preservation division as contributing to the
12 significance of the historic district; or

13 (3) Eligible for inclusion in the Hawaii register of
14 historic places, and which is listed in that register
15 by the date of certification by the administrator of
16 the state historic preservation division in accordance
17 with subsection (g).

18 "Qualified expenditures" means any costs incurred for the
19 physical construction involved in the certified rehabilitation
20 of a certified historic structure. "Qualified expenditures"
21 shall not include the owner's personal labor.



1 "Qualified staff" means a staff person meeting the
 2 Secretary of the Interior's Professional Qualification Standards
 3 for an architectural historian or historic architect."

4 SECTION 2. There is appropriated out of the general
 5 revenues of the State of Hawaii the sum of \$ or so much
 6 thereof as may be necessary for fiscal year 2019-2020 and the
 7 same sum or so much thereof as may be necessary for fiscal year
 8 2020-2021 for one part-time (0.5 PTE) position to assist in the
 9 administration of this Act.


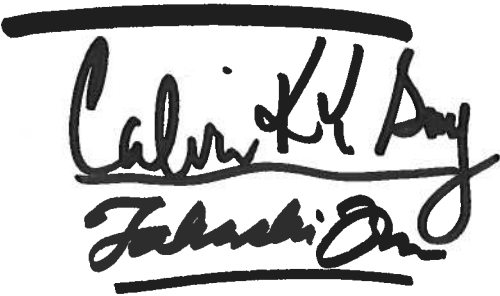
10 The sums appropriated shall be expended by the department
 11 of land and natural resources for the purposes of this Act.

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on July 1, 2019.

14

INTRODUCED BY: 

JAN 24 2019



H.B. NO. 1533

Report Title:

State Historic Preservation; DLNR; DOTAX; Appropriation

Description:

Establishes a historic preservation tax credit for qualified construction expenses incurred in rehabilitation of historic structures that produces affordable housing units.

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